

REPORT OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES		
REVIEW OF PENSIONS COMMITTEE PAPERS – SEPTEMBER 2016 – MARCH 2017 Pension Board 20th March 2017	Classification PUBLIC	Enclosures None
	Ward(s) affected ALL	AGENDA ITEM NO.

1. INTRODUCTION

- 1.1 The purpose of this report is for the Pension Board to consider the work undertaken by Pensions Committee at its meetings in the period from September 2016 to March 2017 and to note items that are relevant to the work of the Pension Board.

2. RECOMMENDATIONS

- 2.1 The Pension Board is recommended to note the report

3. RELATED DECISIONS

- Pensions Committees (6th December 2016 and 24th January 2017)

4. COMMENTS OF THE GROUP DIRECTOR, FINANCE AND CORPORATE RESOURCES

- 4.1 The Pension Board's role is to assist the Administering Authority in ensuring compliance with the regulations. Consideration of Pensions Committee agendas and being able to understand the remit of the Committee and its work is therefore key to the understanding of the Pension Board.

- 4.2 There are no immediate financial implications arising from this report.

5. COMMENTS OF THE DIRECTOR, LEGAL

- 5.1 The Pension Board has been established in accordance with the Public Service Pensions Act 2013 and in accordance with the Local Government Pensions Scheme (Amendment) (Governance) Regulations 2014. For the Board to demonstrate that it is meeting its broad terms of reference it will need to consider the ongoing work of the Pensions Committee to ensure that the powers and responsibilities delegated to it by the Administering Authority are being met. Reviewing the work of the Pensions Committee on a regular basis forms part of the ongoing work of the Pension Board.
- 5.2 There are no immediate legal implications arising from this report.

6. BACKGROUND/TEXT OF THE REPORT

- 6.1 Whilst not a decision making body for the Pension Fund, the Board does have a broad remit to review the decision-making process of the Pensions Committee and in particular, matters relating to scheme administration and governance. Members will be provided with copies of the reports considered at Pensions Committee meetings held on the 6th December 2016 and 24th January 2017. A link to the Committee papers is <http://mginternet.hackney.gov.uk/ieListMeetings.aspx?CId=499&Year=0> provided here:
- 6.2 Over the period September 2016 to March 2017, the Pensions Committee have considered reports covering a wide range of issues including investments, asset pooling, pensions administration, procurement and actuarial matters. Members of the Board have been provided with copies of the agenda and associated reports for the Pensions Committee meetings.
- 6.3 Where Pensions Committee work has specific relevance to the Pension Board and where the subject matter is such that it would be helpful to expand further for the Board to fulfil the role, these have become dedicated papers for the Board agenda. In other areas, it is worth highlighting either reports or elements of Committee reports that are of particular relevance to the Board.
- 6.4 The quarterly monitoring report provides both the Pensions Committee and the Board with an update on the key facts pertaining to the Pension Fund with updates provided on funding, investment performance, budget monitoring, corporate governance and engagement, pensions administration and reporting of breaches either to the Committee or where appropriate to the Pensions Regulator. Key to the role of the Board is ensuring that the Fund is being administered in accordance with the regulations and the quarterly report helps demonstrate that the Committee is taking all aspects of their role in managing the Pension Fund in to account and not just investment related issues. Of particular relevance to the Board is the quarterly reporting on administration performance and also the reporting of breaches sections.
- 6.5 Key items from the 6th December meeting included a draft for consultation of the Investment Strategy Statement (ISS) and a decision to use the National LGPS Framework for Third Party Administration Services for the Fund's administration procurement. The draft of the ISS helps indicate that the Fund is on target to have its ISS formally approved by 1st April 2017 in accordance with the new LGPS (Investment and Management of Funds) Regulations 2016. Following a consultation meeting in

early March, a final draft has now been prepared for review and approval by the Committee at its meeting on 29th March.

- 6.6 A specific update on the third party administration procurement has been provided with the papers for this Board meeting. The paper details the procurement process being followed by officers following the decision to use the National LGPS Framework and the decision making structure in place for the final selection of an administration provider.
- 6.7 Items of relevance from the 24th January Committee include an update on LGPS pooling, the 2016 Funding Strategy Statement for consultation, and a review of the Fund's Treasury Management policy. Specific updates on the Communications Policy and Risk Register have been provided with the papers for this Board meeting. LGPS pooling has material implications for fund governance, as it will requires changes to the Fund's approach to investment decision making. A key element of a successful transition to the new arrangements is liaison with the London CIV, who attended the Committee meeting on 24th January to provide on update on recent progress.
- 6.8 The LGPS Regulations 2013 set out the statutory framework under which the Fund must produce its Funding Strategy Statement (FSS). The statement addresses the issue of managing the need to fund member benefits over the long term, whilst at the same time facilitating scrutiny and accountability through improved transparency and disclosure. Under Regulation 58 of the LGPS 2013 Regulations, it must be amended whenever there is a material change in either the policy on the matters set out in the FSS or the ISS. The most recent update has been triggered by the Fund's 2016 actuarial valuation and is out for consultation at the time of writing.
- 6.9 The Treasury Management Strategy helps the Fund ensure compliance with Regulation 11 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which states that the Pension Fund must invest, in accordance with its investment policy, any fund money that is not needed immediately to make payments from the fund. The Strategy document sets out how the Fund's cash is to be invested and policies for distribution of surplus cash to the fund's external managers for investment.

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